

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MAY 19, 2026**

MINUTE ORDER NO. 33

SUBJECT: AUTHORIZE ACCEPTANCE OF BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM GRANT FUNDS, WAIVE BOARD POLICY B-29, AND AUTHORIZE UNSPENT BEHAVIORAL HEALTH IMPACT FUNDS FOR DEVELOPMENT OF THE BEHAVIORAL HEALTH WELLNESS CAMPUS (DISTRICTS: ALL)

OVERVIEW

In March 2024, California voters passed Proposition 1 that includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act of 2023. This legislation authorized \$6.38 billion in general obligation bonds to expand behavioral health treatment, residential care settings, and housing to support people with mental health conditions and substance use disorders. As part of Proposition 1, in July 2024, the California Department of Health Care Services (DHCS) released a request for applications for the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 1: Launch Ready grant program that provided \$4.4 billion in competitive grant funds to counties, cities, tribal entities, and nonprofit and for-profit entities for behavioral health capital infrastructure. The County of San Diego (County) Behavioral Health Services (BHS) applied for Bond BHCIP Round 1 funds. On May 6, 2025, BHS received a notice of a grant award, totaling \$29.8 million of funding, for the Substance Use Residential and Treatment Services facility and Children's Crisis Residential Care facility.

In June 2025, DHCS released a second request for applications for the Bond BHCIP Round 2: Unmet Needs grant program, providing \$800 million in competitive grant funds. BHS applied for and in March 2026, received notice of a conditional grant award totaling \$99.5 million of funding to develop and construct a Behavioral Health Wellness Campus (Wellness Campus) that will provide a full, integrated continuum of care, inclusive of crisis stabilization, substance use residential treatment, long-term care, peer-focused social rehabilitation, and mental health outpatient services. By co-locating these comprehensive services, the Wellness Campus strengthens community wellness and supports diversion from jails and emergency rooms while meeting critical state mandates.

On April 7, 2020 (3), the San Diego County Board of Supervisors (Board) approved an agreement between the County and the City of San Diego (City) to establish \$25 million of appropriations to fund the Behavioral Health Impact Fund (BHIF) to help develop behavioral health capital projects within the boundaries of the city to strengthen the local capacity for long-term mental health and substance use treatment. Through a competitive process, several local community-based organizations were awarded BHIF dollars to invest in infrastructure, resulting in total costs of \$10.65 million. Currently, \$14.35 million remains in the BHIF because several initial projects were unable to move forward. In partnership with the City, the remaining funds can be used to support the development and construction of the Wellness Campus due to the alignment with the original terms of the BHIF agreement between the County and City (Attachment A).

Today's item requests the Board authorize the acceptance of \$99.5 million in one-time grant funds from DHCS for capital infrastructure at the Behavioral Health Wellness Campus and to waive Board Policy

B-29, which requires full-cost recovery for grants. Today's action also requests the Board authorize unspent BHIF be utilized to develop and construct the Wellness Campus.

Today's action supports the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished through further strengthening the continuum of behavioral health services in San Diego County.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Authorize the acceptance of Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 2 grant funding of up to \$99.5 million from the California Department of Health Care Services for Fiscal Years 2025-26 through 2030-31, for capital infrastructure at the Behavioral Health Wellness Campus; and authorize the Behavioral Health Services Director, or designee, to execute all required documents, upon receipt, including any program funding agreements, annual extensions, amendments, or revisions that do not materially impact or alter the services or funding level.
2. Authorize unspent Behavioral Health Impact Funds of up to \$14.35 million to be utilized to develop and construct the Behavioral Health Wellness Campus.
3. Waive Board Policy B-29 (Fees, Grants and Revenue Contracts-Department Responsibility for Cost Recovery), which requires full cost recovery for grants, for Bond BHCIP Round 2 grant funding from the California Department of Health Care Services.

EQUITY IMPACT STATEMENT

The County of San Diego Behavioral Health Services (BHS) serves as the specialty mental health plan for Medi-Cal eligible residents with serious mental illness and as the service delivery system for Medi-Cal eligible residents who need substance use disorder care. In 2025, over one in five San Diegans were Medi-Cal eligible, and Hispanic and Latino residents had the highest eligibility rate at 44%. As the regional steward for communities disproportionately affected by social determinants of health, BHS is responsible for ensuring that behavioral health services are accessible, culturally responsive, and distributed equitably.

Data shows significant inequities in behavioral health conditions and access to care. According to 2024 data from the California Department of Health Care Access and Information, San Diego County had a substance use disorder (SUD)-related emergency department discharge rate of 118.1 per 100,000 residents. Rates were nearly twice as high among males (156.4) compared with females (79.9), and highest among non-Hispanic Black residents (257.0) compared with other racial/ethnic groups. By age, adults 30-39 had the highest rate (253.0), followed by ages 20-29 (213.2) and 40-49 (165.7). Nationally, only 19.3% of individuals age 12 or older with a diagnosed SUD received treatment in the past year, while an estimated 95.6% of adults age 18 or older with SUD did not seek or believe they needed care, according to the 2024 National Survey on Drug Use and Health. Mental health indicators also show growing need. The 2024 California Health Interview Survey reports that more than 19% of San Diego adults have ever seriously considered suicide, an increase since 2020. This trend is also seen nationally as suicide rates have continued to increase during this period. Local mortality data show suicide deaths decreased by 8% from 2016 to 2024 but rose by 3% between 2023 and 2024.

These patterns demonstrate an urgent need for coordinated and comprehensive behavioral health services that can reach residents with the highest levels of need. The Behavioral Health Wellness Campus would strengthen the regional continuum of care by expanding access, improving care coordination, and creating a centralized environment where individuals can receive timely and appropriate services for both serious mental illness and substance use challenges.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed actions support the County of San Diego (County) Sustainability Goal #1, to engage the community in meaningful ways and continually seek stakeholder input, and Sustainability Goal #2, to ensure equitable access to County services. Behavioral Health Services (BHS) has conducted extensive engagement activities to better understand local behavioral health needs and enhance collaboration with local partners. Through these efforts, BHS has solicited community feedback to inform department priorities, inclusive of services and infrastructure planning. Prioritizing the development of the recommended facility will support increased capacity dedicated to people with behavioral health conditions. These services will support equitable access to essential behavioral health care for Medi-Cal eligible individuals, enabling them to be connected to the care they need.

FISCAL IMPACT

Funds tied to the acceptance of the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) grant funding for the Behavioral Health Wellness Campus are partially included in the FY 2026-27 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenue of approximately \$99.5 million in FY 2026-27 through FY 2030-31 for capital costs for Behavioral Health Services. The funding source is Bond Behavioral Health Continuum Infrastructure through the Department of Health Care Services. Funds for subsequent years will be incorporated into future operational plans.

Funds tied to the Behavioral Health Infrastructure Fund are not included in the FY 2026-27 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenue of approximately \$14.35 million in FY 2026-27 through FY 2030-31 for capital costs for Behavioral Health Services.

A waiver of Board Policy B-29 is requested because the funding is not anticipated to offset all costs of the Behavioral Health Wellness Campus. The original estimate of total project cost was up to \$194.0 million, inclusive of the planning, development, and construction costs of \$167.0 million and land value of \$27.0 million. The County Department of General Services will return to the Board with a final cost estimate for the project and a recommendation on the most timely, cost-effective approach for the development and construction of the Behavioral Health Wellness Campus following the completion of project design and review. The public benefit of this project far outweighs the B-29 unrecoverable costs. There will be no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ACTION:

ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Desmond, the Board of Supervisors took action as recommended.

AYES: Aguirre, Montgomery Steppe, Desmond

NOT PRESENT: Anderson

ABSENT: Lawson-Remer

State of California)

County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER

Clerk of the Board of Supervisors



Signed

by Andrew Potter